

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Kent Ohms

DATE: May 1, 2017

Monthly General Fund Receipts Through April 30, 2017

The attached spreadsheet presents FY 2017 General Fund total net receipts with comparable figures for actual FY 2016. The figures can be compared to the FY 2017 estimate of \$6.982 billion set by the Revenue Estimating Conference (REC) on March 14, 2017. The FY 2017 estimate is an increase of \$190.2 million (2.8%) compared to actual FY 2016 total net receipts (excludes transfers). The next REC meeting has not been scheduled.

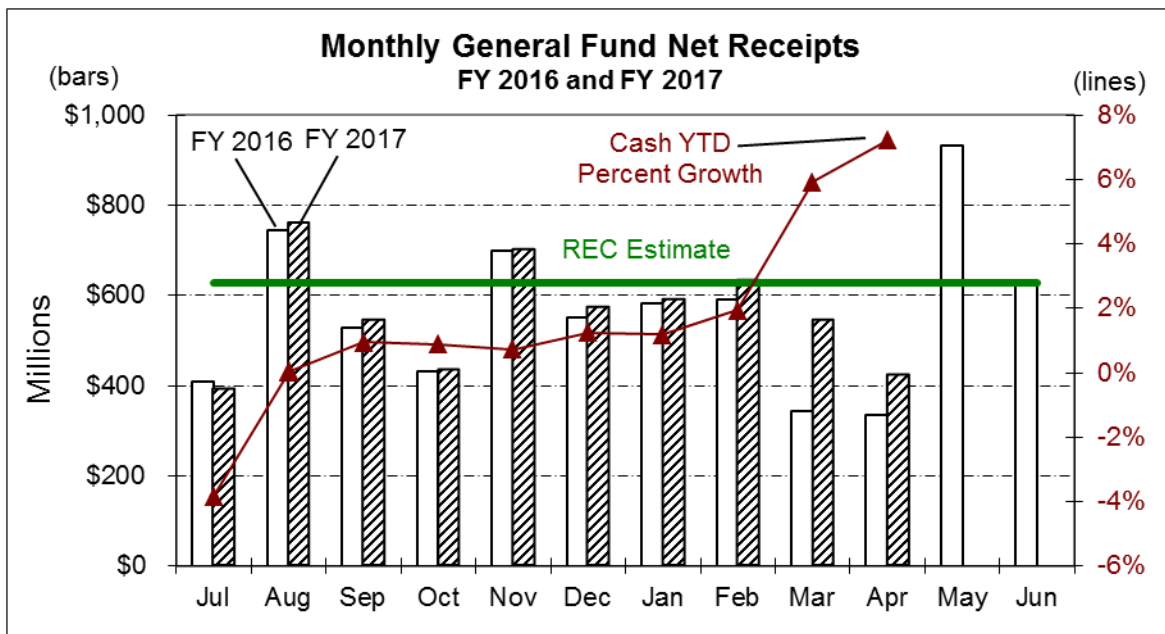
FY 2017 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Adjusted Projected Growth for the Year, Excluding Transfers = 2.8%						
Year-to- Date Ending:	Year-to- Date FY 2016	Year-to- Date FY 2017	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
July	\$ 407.6	\$ 392.1	\$ -15.5	-3.8%	\$ 11.4	\$ -26.9
Aug	1,151.8	1,152.3	0.5	0.0%	32.3	-31.8
Sept	1,680.7	1,696.8	16.1	1.0%	47.1	-31.0
Oct	2,111.5	2,130.5	19.0	0.9%	59.1	-40.1
Nov	2,812.2	2,832.8	20.6	0.7%	78.7	-58.1
Dec	3,364.6	3,406.5	41.9	1.2%	94.2	-52.3
Jan	3,948.3	3,995.2	46.9	1.2%	110.6	-63.7
Feb	4,538.7	4,627.0	88.3	1.9%	127.1	-38.8
Mar	4,882.7	5,172.4	289.7	5.9%	136.7	153.0
Apr	5,217.8	5,595.6	377.8	7.2%	146.1	231.7
May	6,151.3					
Jun	6,776.7					
Year end	6,791.7					

Overview of Current Situation

April 2017 net General Fund revenue was \$87.7 million (26.2%) above the April 2016 revenue level. Cash fiscal year-to-date net receipts are \$377.8 million (7.2%) higher than FY 2016. By the end of April 2017, personal income tax refund processing remains slower than last year's pace, leading to the major comparison difference between the fiscal years.

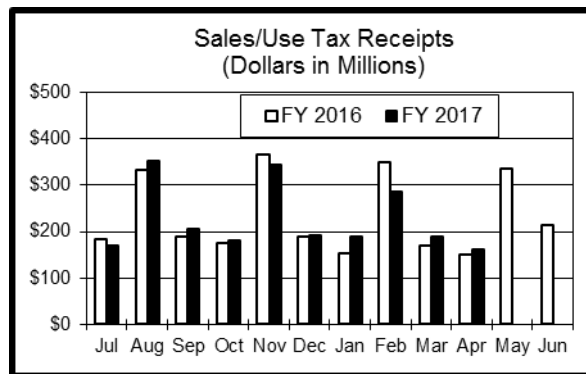
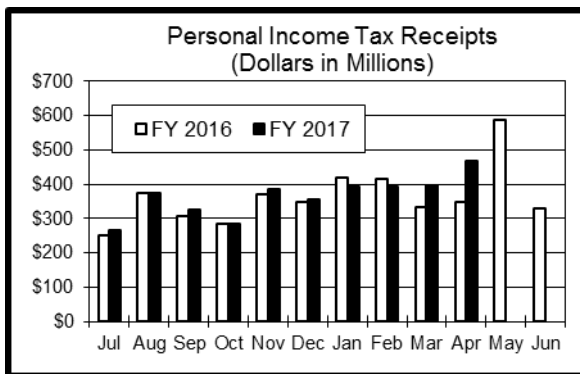
Major sources of revenue and their contributions to the FY 2017 year-to-date revenue change include:

- Personal income tax (positive \$196.1 million, 5.7%)
- Sales/use tax (positive \$11.4 million, 0.5%)
- Corporate tax (positive \$3.0 million, 0.8%)
- Other taxes (negative \$4.9 million, -2.5%)
- Other receipts (positive \$5.8 million, 2.4%)
- Tax refunds not including school infrastructure refunds (positive \$170.4 million)
- School infrastructure sales/use tax refunds (negative \$4.1 million)



Personal Income Tax revenue received in April 2017 totaled \$465.6 million, an increase of \$117.0 million (33.6%) compared to April 2016.

The FY 2017 REC income tax estimate of \$4.532 billion represents a projected increase of 4.1% compared to actual FY 2016. Through April 2017, personal income tax receipts have increased \$196.1 million (5.7%). By subcategory, withholding payments increased \$91.0 million (3.2%), estimate payments increased \$7.2 million (1.8%), and payments with returns increased \$97.9 million (41.1%). The high increase in payments with returns appears to be attributable to the processing of payments with returns being lower at this point in the previous year, which was atypical. The following chart compares FY 2016 and FY 2017 monthly income tax receipts from the three personal income tax subcategories.



Sales/Use Tax receipts received in April 2017 totaled \$162.4 million, an increase of \$11.7 million (7.8%) compared to April 2016. The due date for quarterly sales tax filers fell on a weekend both this year and last year, which will push a significant amount of receipts received into May.

The REC estimate for FY 2017 sales/use tax receipts is \$2.852 billion, a projected increase of 1.5% compared to actual FY 2016. Through April 2017, sales/use tax receipts increased \$11.4 million (0.5%). The preceding chart compares FY 2016 and FY 2017 monthly sales/use tax receipts.

Corporate Income Tax receipts received in April 2017 totaled \$83.1 million, an increase of \$32.3 million (63.6%) compared to April 2016.

The REC estimate for FY 2017 corporate tax revenue is \$520.4 million, a projected decrease of \$0.1 million (0.0%) compared to actual FY 2016. Through April 2017, corporate income tax receipts increased \$3.0 million (0.8%).

Other Tax Receipts received in April 2017 totaled \$15.7 million, an increase of \$3.4 million (27.6%) compared to April 2016.

The REC estimate for FY 2017 other tax revenue is \$278.4 million, a projected decrease of 0.3% compared to actual FY 2016. Through April 2017, other tax receipts decreased \$4.9 million (-2.5%).

Other Receipts (nontax receipts) received in April 2017 totaled \$30.0 million, a decrease of \$3.6 million (-10.7%) compared to April 2016.

The REC estimate for FY 2017 other receipts revenue is \$304.3 million, a projected increase of 2.5% compared to actual FY 2016. Through April 2017, other receipts increased \$5.8 million (2.4%).

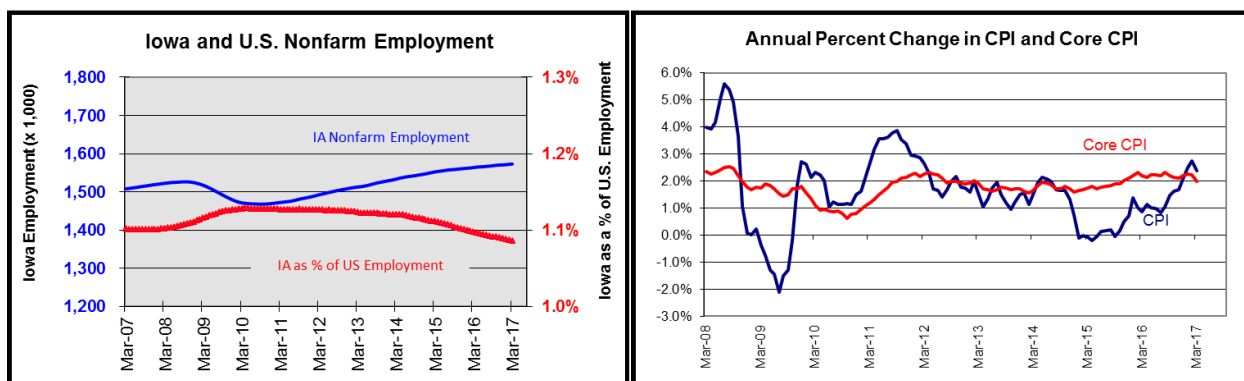
Tax Refunds issued in April 2017 totaled \$296.7 million, an increase of \$69.9 million compared to April 2016. In addition to regular refunds, school infrastructure refunds totaled \$37.2 million, an increase of \$3.2 million compared to April 2016.

Status of the Economy

Iowa nonfarm employment was reported at 1,562,600 for the month of March 2017 (not seasonally adjusted), 8,200 (0.7%) higher than March 2016.

Iowa's 12-month average nonfarm employment is presented as the blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, and was 47,700 above the peak prior to the previous recession (January 2001). The current 12-month average reading is now 1,572,200, resulting in an annual average Iowa nonfarm employment level that is 45,800 above the October 2008 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002, decreased at a much slower pace from 2002 through 2007, and increased from January 2008 through June 2010. Iowa's percent of U.S. employment has declined as the percentage growth in U.S. employment has exceeded the percentage growth in Iowa employment since June 2010. Iowa's percent of U.S. employment is currently at its lowest level since November 1987.



The Consumer Price Index (CPI-U) through March 2017 was 243.8 (1983/84 = 100). Consumer prices increased 0.1% in March (not seasonally adjusted) and the annual rate of inflation increased to 2.4%, a decrease of 0.3% compared to February.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.1% in March and increased 2.0% year-over-year. The core inflation rate had not been consistently above 2.0% since July 2012. For the two components excluded from the core rate, energy prices are up 10.9% year-over-year and food prices are up 0.5%.

Further information can be found on the Fiscal Services Division website related to [State General Fund Daily Receipts](#) and other [Iowa Economic Trends](#).

GENERAL FUND RECEIPTS - FY 2017 vs. FY 2016 July 1 through April 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 2016 Actual Compared to FY 2017 REC Estimate		
	FY 2016	FY 2017	Year-to-Date % Change	April % Change	Actual FY 2016	Estimate FY 2017	Projected % Change
Personal Income Tax	\$ 3,439.4	\$ 3,635.5	5.7%	33.6%	\$ 4,355.5	\$ 4,531.9	4.1%
Sales/Use Tax	2,261.3	2,272.7	0.5%	7.8%	2,810.5	2,852.4	1.5%
Corporate Income Tax	381.9	384.9	0.8%	63.6%	520.5	520.4	0.0%
Inheritance Tax	74.3	70.8	-4.7%	-2.4%	91.8	89.6	-2.4%
Insurance Premium Tax	71.4	66.5	-6.9%	-100.0%	119.7	120.5	0.7%
Cigarette/Tobacco Tax	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
Beer/Liquor Tax	11.6	11.5	-0.9%	0.0%	14.1	14.4	2.1%
Franchise Tax	36.7	40.2	9.5%	53.0%	52.1	52.5	0.8%
Miscellaneous Tax	1.2	1.3	8.3%	25.0%	1.5	1.4	-6.7%
Total Gross Taxes	\$ 6,277.9	\$ 6,483.4	3.3%	29.2%	\$ 7,965.7	\$ 8,183.1	2.7%
Institutional Payments	9.4	9.4	0.0%	70.0%	12.1	8.1	-33.1%
Liquor Profits	93.5	95.4	2.0%	1.0%	112.3	114.0	1.5%
Interest	3.3	1.9	-42.4%	-75.0%	4.1	3.7	-9.8%
Fees	25.5	22.4	-12.2%	-32.5%	28.1	25.2	-10.3%
Judicial Revenue	75.5	70.7	-6.4%	-14.8%	97.7	97.7	0.0%
Miscellaneous Receipts	37.0	50.2	35.7%	-15.4%	42.7	55.6	30.2%
Racing and Gaming Receipts	0.0	0.0	0.0%	0.0%	0.0	0.0	N.A.
TOTAL GROSS RECEIPTS	\$ 6,522.0	\$ 6,733.5	3.2%	27.0%	\$ 8,262.7	\$ 8,487.4	2.7%
Accrued Revenue-Net					14.2	29.1	
Tax Refunds *	-914.7	-744.3	-18.6%	30.8%	-1,018.3	-1,061.1	4.2%
School Infrast. Refunds *	-389.5	-393.6	1.1%	9.4%	-466.9	-473.5	1.4%
TOTAL NET RECEIPTS	\$ 5,217.8	\$ 5,595.6	7.2%	26.2%	\$ 6,791.7	\$ 6,981.9	2.8%
* For the Year-to-Date columns, refunds are presented on a cash basis. For FY 2016 Actual and FY 2017 Estimate, refunds are presented on a fiscal year basis. The FY 2016 Actual column is final.							